



Revised and Restated Durham Performing Arts Center (DPAC) Operating Agreement



Background

- DPAC has enjoyed great success since November 2008
- Operator expressed interest in longer term commitment to Durham
- Administration agrees longer term commitment is in City's best interest
- DPAC as economic catalyst
- Goal: Incentivize Operator to produce revenue at a high level enabling City resources for capital replacement, debt service, repair and maintenance



Key Points



Term

- Potential for 27 years beginning in 2013, ending in 2040
- Current agreement ends in 2014, with 5 year extension to 2019

Operating Profit Share

<u>Operating Profit</u>	<u>City Share</u>	<u>Operator Share</u>
\$ 0 to \$2,000,000	40%	60%
\$2,000,001 to \$2,300,000	0%	100%
\$2,300,001 to \$3,000,000	40%	60%
\$3,000,001 and above	30%	70%

<u>Operating Profit Ranges for \$4,000,000</u>	<u>City Share</u>	<u>Operator Share</u>
\$ 0 to \$2,000,000	\$800,000	\$1,200,000
\$2,000,001 to \$2,300,000	\$0	\$300,000
\$2,300,001 to \$3,000,000	\$280,000	\$420,000
\$3,000,001 and above	\$300,000	\$700,000
Total Distribution:	\$1,380,000	\$2,620,000

- Assume \$4 million operating profit
- Current 60% / 40% split with \$4 million operating profit is \$2.4 million / \$1.6 million



Key Points (cont'd)

- Management Fee remains the same
- Centralized Services Fee increases
- Facility Fee increases
- Formalization of DPAC Facility Fund



Other Key Points

- Securing Naming Rights will be Operator's responsibility
- Radius Restriction: Exemption for City of Greensboro
- DPAC Name
- Operator continues to guarantee all annual operating deficits



Repair and Maintenance/Improvements

- Preventive Maintenance Plan
- Annual Cap/Repair and Maintenance Costs
- Capital Expenditures Projection Schedule
- Specific Improvements Schedule



Financial Impact



Questions?